

## Message Text

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PAGE 01 STATE 201651  
ORIGIN COME-00

INFO OCT-01 EA-10 NEA-10 ISO-00 EB-08 CIAE-00 INR-10  
NSAE-00 /039 R

DRAFTED BY COM/BED/CAGNE:CALOUSTAUNAU:E  
APPROVED BY EA/K: RGRICH, JR.  
COM/BED/OIM/CMURRAY  
COM/BED/CAGNE/PBHALE  
STATE/EA/K/DBLAKEMORE  
STATE/NEA/ARP/BBODINE(INFO)  
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R 092147Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY SEOUL  
INFO AMEMBASSY JIDDA

C O N F I D E N T I A L STATE 201651

E.O. 11652: GDS

TAGS: BENC, SA

SUBJECT: HYUNDAI WITHDRAWAL FROM PARSONS/HYUNDAI BID FOR  
PETROCHEMICAL PROJECT AT YENBO, SAUDI ARABIA

1. USDOC/CAGNE HAS BEEN APPROACHED BY RALPH M. PARSONS CO.  
FOR ASSISTANCE. PARSONS AND HYUNDAI CONSTRUCTION CO. HAD  
SUBMITTED JOINT PROPOSAL TO SAUDI ARABIAN ROYAL COMMISSION  
FOR JUBAIL AND YENBO FOR ENGINEERING AND CONSTRUCTION OF  
PETROCHEMICAL PROJECT AT YENBO INDUSTRIAL COMPLEX.  
HYUNDAI, HOWEVER, HAS RECENTLY TOLD PARSONS THAT THEY ARE  
WITHDRAWING FROM PROJECT BECAUSE ROKG HAS TOLD THEM TO  
WITHDRAW. HYUNDAI ALSO TOLD PARSONS THAT THEY WERE WARNED  
NOT TO ATTRIBUTE THEIR WITHDRAWAL TO ROKG.

2. BY WAY OF BACKGROUND: HYUNDAI STILL HAS SECOND PROPO-  
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SAL BEFORE ROYAL COMMISSION FOR CONSTRUCTION OF PORT AT  
YENBO. ALSO ANOTHER U.S. COMPANY, LUMMUS, IS TEAMED WITH  
SECOND KOREAN FIRM, DAELIM, IN PROPOSAL COMPETING WITH  
PARSONS FOR PETROCHEMICAL PROJECT. DAELIM HAS NOT WITH-  
DRAWN PROPOSAL. PARSONS DID MASTER PLAN AND HAS CONSTRUC-  
TION MANAGEMENT CONTRACT FOR ENTIRE YENBO INDUSTRIAL COM-  
PLEX. AS CONDITION FOR TAKING MANAGEMENT CONTRACT, PARSONS

GOT SAUDIS TO AGREE TO ALLOW THEM TO BID ON PROJECTS WITHIN

YENBO COMPLEX. PARSONS HAS ROYAL COMMISSION'S EXPRESS PERMISSION TO BID ON PETROCHEMICAL PROJECT.

3. PARSONS IS UNDERSTANDABLY DISMAYED BY HYUNDAI'S APPARENT WITHDRAWAL SINCE PROPOSAL WAS COSTLY AND PARSONS FEELS IT WAS VERY COMPETITIVE. COMPANY ALSO SUSPECTS THAT ROKG IS SUPPORTING DAELIM ON PETROCHEMICAL PROJECT. PARSONS TELLS US THEY HAVE NOT DISCUSSED MATTER WITH ANYONE IN KOREA.

4. REQUEST EMBASSY, AT ITS DISCRETION, INVESTIGATE MATTER TO DETERMINE WHETHER, IN FACT, HYUNDAI HAS WITHDRAWN AND, IF SO, WHY. UNDER NO CIRCUMSTANCES SHOULD ROKG LEARN FROM USG THAT HYUNDAI HAS LET IT BE KNOWN THAT ROKG IS BEHIND HYUNDAI'S WITHDRAWAL. CARE SHOULD ALSO BE TAKEN NOT TO APPEAR TO BE THROWING USG WEIGHT BEHIND ONE U.S. COMPANY AT EXPENSE OF ANOTHER, I.E., LUMMUS. USDOC AND STATE ARE HOWEVER INTERESTED IN REASONS FOR HYUNDAI WITHDRAWAL IN LIGHT OF IMPLICATIONS IT MIGHT HAVE FOR FUTURE U.S./KOREAN BUSINESS RELATIONSHIPS IN PURSUING LARGE PROJECTS IN THE MIDDLE EAST. VANCE

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## Message Attributes

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**Concepts:** n/a  
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**Disposition Date:** 20 Mar 2014  
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**Errors:** N/A  
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**Subject:** HYUNDAI WITHDRAWAL FROM PARSONS/HYUNDAI BID FOR PETROCHEMICAL PROJECT AT YENBO, SAUDI ARABIA  
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**Review Markings:**  
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